

THE CHIT FUNDS (AMENDMENT) ACT, 2019

AN

ACT

(Act No. 41 of 2019)

further to amend the Chit Funds Act, 1982.

BE it enacted by Parliament in the Seventieth Year of the Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Chit Funds (Amendment) Act, 2019.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. *Amendment of section 2.*—In the Chit Funds Act, 1982 [40 of 1982.] (hereinafter referred to as the principal Act), in section 2,—

(i) in clause (b), after the word “*kuri*”, the words “,fraternity fund, Rotating Savings and Credit Institution” shall be inserted;

(ii) clause (d) shall be omitted;

(iii) clause (h) shall be omitted;

(iv) after clause (j), the following clauses shall be inserted, namely:—

(ja) “gross chit amount” means the sum-total of the subscriptions payable by all the subscribers for any instalment of a chit without any deduction of discount or otherwise;

(jb) “net chit amount” means the difference between the gross chit amount and the discount, and in the case of a fraction of a ticket means the difference between the gross chit amount and the discount proportionate to the fraction of the ticket, and when the net chit amount is payable otherwise than in cash, the value of the net chit amount shall be the value at the time when it becomes payable;”;

(v) clause (m) shall be omitted;

(vi) after clause (p), the following clause shall be inserted, namely:—

‘(pa) “share of discount” means the share of the subscriber in the amount of discount available under the chit agreement for rateable distribution among the subscribers at each instalment of the chit;’.

3. *Substitution of words to certain expressions by certain other expressions throughout the principal Act,—*

(i) for the words “chit amount”, the words “gross chit amount” shall be substituted;

(ii) for the word “dividend”, the words “share of discount” shall be substituted; and

(iii) for the words “prize amount”, the words “net chit amount” shall be substituted.

4. *Substitution of new section for section 11.—*For section 11 of the principal Act, the following section shall be substituted, namely:—

“11. *Use of words “chit”, “chit fund”, “chitty”, “Kuri”, “fraternity fund” or “Rotating Savings and Credit Institution”.—*(1) No person shall carry on chit business unless he uses as part of his name any of the words “chit”, “chit fund”, “chitty”, “kuri”, “fraternity fund” or “Rotating Savings and Credit Institution” and no person other than a person carrying on chit business shall use as part of his name any such word.

(2) Where at the commencement of this Act,—

(a) any person is carrying on chit business without using as part of his name any of the words specified in sub-section (1); or

(b) any person not carrying on chit business is using any such word as part of his name,

he shall, within a period of one year from such commencement, add as part of his name any such word or, as the case may be, delete such word from his name:

Provided that the State Government may, if it considers necessary in the public interest or for avoiding any hardship, extend the said period of one year by such further period or periods not exceeding one year in the aggregate.”.

5. Amendment of section 13.—In section 13 of the principal Act,—

(i) in sub-section (1), for the words “rupees one lakh”, the words “rupees three lakhs” shall be substituted;

(ii) in sub-section (2),—

(a) in clause (a), for the words “rupees six lakhs”, the words “rupees eighteen lakhs” shall be substituted;

(b) in clause (b), for the words “rupees one lakh”, the words “rupees three lakhs” shall be substituted.

6. Amendment of section 16.—In section 16 of the principal Act in sub-section (2), after the words “two subscribers”, the words “present in person or through video conferencing duly recorded by the foreman” shall be inserted.

7. Amendment of section 17.—In section 17 of the principal Act, in sub-section (1),—

(a) after the words “at least two other subscribers who are present”, the words “in person or through video conferencing” shall be inserted;

(b) the following proviso shall be inserted, namely:—

“Provided that where two subscribers required to be present under sub-section (2) of section 16 are present through video conferencing, the foreman shall have the minutes of the proceedings signed by such subscribers within a period of two days of the date of the draw.”.

8. Amendment of section 21.—In section 21 of the principal Act, in sub-section (1),—

(i) in clause (b), for the words “five per cent.”, the words “seven per cent.” shall be substituted;

(ii) in clause (f), the word “and” shall be omitted;

(iii) after clause (f), the following clause shall be inserted, namely:—

“(fa) to exercise his right to lien against the credit balance in other non-prized chits; and”.

9. Amendment of section 85.—In section 85 of the principal Act, in clause (b), for the words “one hundred rupees”, the words “such amount as may be specified, by notification in the Official Gazette, by the State Government” shall be substituted.